Negotiation of social standing in merged organizations: a perspective on intergroup dialectics and collective acting

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1. Conceiving of processes of negotiating changes in organizational identity

Mergers and acquisitions are destabilizing events in organizational life. They involve processes of abolishing existent routines and of institutionalizing new sets of arrangements, hierarchies and organizational artifacts. Yet, for obvious reasons, mergers and acquisitions are not limited to the "technical" question of prompting change into the material practices of a given organization. The replacement of familiar structures and processes by new ones, the fusion of departments and, above all, the attempt to create a new identity, do affect – even more than the structures – the attitudes and behaviors of all the individuals and groups involved in the process. Mergers and acquisitions are destabilizing events because they are *experienced* as such by the human beings affected.

Still, these processes are not only experienced like an inevitable fate, as something people are exposed to without any possibility of shaping it. By involving open processes of communication, interaction, decision and negotiation, mergers and acquisitions give way to the emergence of new symbolic systems with their underlying mechanisms guiding behavior. In this article, we set up a series of propositions that conceive of these processes as *informal* negotiations aiming at establishing a dynamic social order that cannot be determined by the *formal* negotiations resulting in the respective merger or acquisition agreement.

By adopting a dialectical perspective in order to understand the dynamics of negotiating social standing within a newly formed organization, we challenge a positivistic view of M&A processes characterized by the attempt to establish cause-and-effect-relations between the situation prior to and after the formal agreement. In contrast, the dialectical view allows us to focus attention on the forms of reciprocity and on the transformative aspects of social identity, involving interaction based on mutual recognition and trust or, if reciprocity is not achieved, on mutual challenge and suspicion. The dialectical view makes it possible to conceptualize not only the manifest changes in organizational structure after the merger or acquisition has taken place, but also the evolving of social relationships within the new organization and the related dynamics that contribute to the emerging of a new organizational identity.

"Us" and "Them": conflicting symbolic constructions

In any post-merger setting, pre-existing identities are still salient. The transformation inherent in the integration of two or more organizations may furnish a strong impetus for an abrupt change in the way people think, act and interact with one another for the achievement of the new organization's goals. Yet, due to the persistence of the habitual patterns forming the identity of the prior organization, the impetus for change is often encountered with resistance from the employees involved as they develop an "us" versus "them" thinking and remain identified with their pre-merger organization.

Speaking in dialectical terms, this "us" is not suitable of being *sublated* ("aufgehoben") into a new identity. The process of synthesis, of mediating antithetic identities, of integrating the groups into a comprehensive identity, fails. People identifying with the resisting "us" do not identify with the post-merger entity. Therefore, their identity is unlikely to be recognized by "them", i.e. by other groups within the new organization. The prior identity persists within a social environment perceived as challenging or even hostile, without the possibility to be *abolished* and at the same time *preserved* on a higher level, as the Hegelian term "aufheben" suggests. Instead of transforming the prior identity by trying to express the group's interests, needs and behavioral patterns in the new symbolic systems, group members prefer preserving the prior symbolic system of reference. The more the combined organization acquires new patterns of structure, the more relationships between individuals and groups become imbued with conflict and contradictory forces develop. Since the process of reciprocal recognition has not come to an end, the groups' status is being challenged and this cues a struggle on the part of the employees towards preserving the uniqueness of their existing values and institutional logics.

Trust dilemma: empirical evidence and theoretical gaps

As people manage their status construction challenges, they deal with the fundamental tension between openness to sharing resources and information with the other group and seclusion of such resources in order to protect the group's chances to a dominant position. This behavioral contradiction is reflected at a cognitive level in a trust dilemma. Through the institutionalization of practices, people are expected and pressured to act in cooperative ways and have expectations that this behavior will be reciprocated in the new organization. They must therefore manage a dialectical tension between yielding to trust and remaining vigilant to information about how they are treated during their exchanges with the other group members.

In this article, our aim is to unravel the dialectical process by which the initial resistance of the employees and distrusting behavior towards "the other" eventually synthesize once their relative standing in the new organization has been negotiated. There is an extensive and heterogeneous body of literature on post-merger integration and how the changes in the organization engender a wide array of affective and behavioral reactions on the part of the employees. However, much of this research captures specific moments in the post-merger integration and only specific cause-and-effect relations, without looking into the developmental process of intergroup and interpersonal relationships and how these transform over time. The temporality of certain affective states, behaviors and cognitions remains a relatively underexplored area in mergers and acquisitions theorizing. We attempt to fill this gap by reviewing the evidence on the diachronic development of the relations between employees of the merging organizations.

This is of crucial importance in order to grasp the theoretical value of a dialectical approach because, in our view, this approach captures the transformational dynamics of the antagonistic evolution of relations in merger and acquisition processes by providing a framework for the *interpretation* of changes in the various affects, attitudes and judgments of the people involved. In section 2, we will briefly illustrate the history of the dialectical approach in organization studies and its potential benefits for M&A research.

In section 3, we will outline a dialectical interpretation of the identity transformation processes in terms of the negotiation of group standing within the newly formed organization. To conceive of the transformation of group identity as a process of informal negotiation of the social standing in the merged organization implies a synthetic view on the apparently conflicting attitudes of trust and vigilance displayed by the several groups as being reframed within the new organization. As already stated, the Hegelian term "to sublate" ("aufheben") suggests the *abolishing* of a simple opposition between the two attitudes by permitting to *preserve* them as essential, complementary and synthesized elements within a common practice of "intelligent" trusting against the background of mutual identity recognition and shared values. Not merely the *alternative* between trustful and vigilant behavior is at stake if the building up of a common organizational identity ought to be successful, but rather their *combination*.

In section 4, we provide a conclusion by exemplifying this interpretation of the dialectical view with regard to the processes of sharing or withholding of knowledge within merging and acquisition processes. Again, we suggest that successful processes of cooperation in newly formed organizations can be achieved only if trust dilemmas, i.e. the simple opposition of trusting vs. vigilant withholding knowledge, of ingroup vs. outgroup dynamics, can be overcome to the benefit of an interaction frame based not only on group interests, but also on common values and the integration of all groups into a dynamic, but common identity.

2. The dialectical approach in organization studies and M&A research

Four different approaches to dialectics in organization studies

Dialectics theory assumes that the realization and actualization of the individual (be it an object, an idea, an animate or a human being, a historical period or a collective entity) is a process of setting factors in opposition and contradiction (thesis and antithesis). The change and the new patterns of structures brought about by the collision of these forces or contradictory values represent a reconciliation of the two (synthesis), which in turn forms a new thesis. Neither of the two forces is completely supported or refuted, but altered and harmonized so as to create a new entity. The change is thus the outcome of the opposition between conflicting logics, that is a coherent set of organizing principles or assumptions about nature and reality (Ford & Ford, 1994) or any kind of historical, cultural or social paradigms (Denzin & Lincoln, 2005). In this perspective, the contradiction between more or less well defined entities is foregrounded with the aim to highlight the capacity of the dialectical process to integrate contrasting forces into a new identity, a new institution, a newly defined organizational form apt to represent formerly distinct identities, to offer them a new form and sense of belonging, of affiliation.

Another principle of the dialectical view lies with the continuous construction and reproduction of the social world, in other words to highlight the process rather than the outcome of the synthesis. Social relations and institutions are in a permanent dynamic movement that does not have a fixed endpoint but remains open to new developments through the dialectical iteration of opposition and synthesis (Georgoudi, 1983). Thus, dialectical analysis can also be conceived of as a study of interrelatedness, of relating and becoming. Multiple tensions coexist and partake in the process of transformation, in an interlocking system of relations between components of the social structure.

In the ongoing process of redefinition and rationalization, the division between components (Benson, 1977a) or ontological precedence of either a subject or an object is not distinct or sharply defined (totality). Instead, there is a process of *mediation* between the two (Georgoudi, 1983). This implies a certain fluidity in the identity of things, in paradigms or worldviews. Social phenomena are not discrete entities, but it is through the process of permanent relating with other phenomena that they exist and bring about the change. Thus, the dialectical view can underline the essenceless nature of entities and their variability; the disorderliness of social structures as a function of their conflict with opposing forces and of the perpetual process of reconstruction and reproduction embedded in a social context.

The fourth principle, praxis, refers to participants as active agents reconstructing their own relations but also themselves through rational analysis (Benson, 1977a; Seo & Creed, 2002), thus creating a reinforcing loop of change in which individuals are both subjects and objects of their own construction efforts.

Regarding the issue of this article, i.e. intergroup dialectics understood as the (informal) negotiation of social standing in a new organization, conceptual elements of all four principles depicted above are relevant. (1) The negotiation of social standing in a post-merger situation evolves as a process in which the opposition between group identities (ingroup/outgroup) is foregrounded and has to be addressed by the management as well as in the everyday cooperation between employees, project teams and departments. A new, common organizational identity emerges if the prior identities are negated and reconciled at a higher level by mutual recognition. (2) M&A research can capture this transformation if it analyzes the process of identity building and transformation, i.e. if it takes into account the temporality of social identity and the relatedness of the various components that determine identity transformation over time. (3) In this process, contrasting views and behaviors are *mediated*, in the sense that groups and individuals acquire the capacity to act beyond the logics of exclusion and opposition. This applies particularly to the contrast between trust and vigilance, two modes of behavior between groups that can be reconciled by "sublating" (i.e. integrating) them in the behavioral framework of a common identity. (4) This identity cannot be simply imposed by the management, but must be put into practice successfully by mutual recognition, by forms of reciprocating between the groups that take place every day.

Mergers and acquisitions: can the dialectical view contribute to build a theoretical framework?

In mergers and acquisitions, the involved organizations bring in their own distinct ideologies or institutional logics into a single entity created or transformed to bring off greater advantages than each of the two would individually be able to create. As compared with other forms of organizational collaborations, such as joint ventures or non-equity alliances built for specific purposes, mergers and acquisitions require a different level of cooperation and mutual interaction. Merging organizations are brought together to serve a shared purpose and need higher level of coordination in action and objectives. Furthermore, they usually imply highly rigid structures arising from the relations of interdependency between the two organizations and they require a long-term commitment. The intrinsic lack of strategic flexibility of mergers or acquisitions, their stability in governance structures and partners' long-term engagement into the achievement of one shared goal anchors them in a semi-permanent condition. These characteristics often translate into expansive integration of the two firms and institutionalization of common practices as well as a relation of hierarchy rather than equity (Das & Teng, 2000).

The pressure for coordination and cooperation at all organizational levels in firms with different philosophies animates tensions that are particularly salient in mergers and acquisitions. For instance, the merging of the two organizations yields a certain tension regarding the organizational identity of the newly created entity (Schmid, 1998), primarily as a consequence of the state of confusion and ambiguity about the functions the new organization serves, its stakeholders and modus operandi. The coexistence and emergence of dominance relations between one institutional logic and the other (Randall & Procter, 2013; Bijlsma-Frankema, 2004) or ideologies (Schmid, 1998) also appear to fret mergers and acquisitions; integration (Fimreite & Laegreid, 2009) or coordination (Puranam, Singh & Zollo, 2006) and autonomy, which facilitates or inhibits knowledge sharing furthered by speed versus carefulness in the integration process (Bijlsma-Frankema, 2004). At a micro-level, employees of the two organizations are confronted with an organizational identification dilemma arising from the simultaneous existence of pressures for sameness and differentiation (Langley et al., 2012).

There is a need for a better understanding not only of the coexistence of multiple antagonistic opposites, as this would imply a rather deterministic view on organizational change, but also how they interact and facilitate the emergence of new organizational forms. Specifically, we seek to understand how employees in merged organizations faced with the cognitive tension of trust and distrust as well as status construction struggles energize a behavioral dilemma between competitive or cooperative behavior. We argue that the cognitive dilemma between trust and vigilance and concurrent pressures for dominance and pursuit of collective interest in the new entity activates a conscious strategizing on the part of employees through either knowledge sharing (cooperative) or knowledge restraint (competitive) behavior. As already suggested, we consider the dialectical view as apt to overcome the dilemma, by showing the way how to integrate the opposing behaviors in a framework of collective acting based on reciprocity and recognition between the groups. We will specify this view in section 4.

3. Negotiating: dialectics as interaction and recognition process

Reputation: collective status and dominance

There is a vast literature documenting the existence of dominance asymmetry in mergers and acquisitions, even though in many cases, these processes are declared to be built on the concept of equality between the merger partners. Why do these declarations in many cases encounter a completely contrasting perception on the part of many employees and groups in the newly formed organization? One answer could be that people construe the relationships between their organizations in hierarchical terms and fail to sense the principle of equality in the post-merger period (Cartwright & Cooper, 1992). A central framework in the study of employee psychology in M&A research is the social identity theory and self-categorization theory. According to this perspective, employees of merged organizations remain identified with the pre-merger organization. In the presence of an outgroup, namely the merger partner, individuals strive towards positive distinctiveness and engage in ingroup favoritism at the expense of outgroup derogation, or ingroup bias. As employees remain committed to their pre-merger identity and perceive a threat to the existence of the group, employees exaggerate the differences between the groups and similarities within the groups. There is ample evidence on groups' boundary-setting efforts in M&A through either sheer devaluation of the merger partner's skills, competences and practices (Empson, 2001; Weber & Camerer, 2003; Lipponen & Moilanen, 2004) or positive evaluations of employees' own group (Terry, Carey & Callan, 2001; Dackert, Jackson, Brenner & Johansson, 2003). Group status seems to act as a catalyst of groups' bias towards their own group and discrimination of the outgroup (Brewer, 1979). In line with the social identity theory, employees of groups lower in status in the merged organization exhibited higher levels of ingroup bias against the outgroup and the poorest adjustment to the change in terms of job satisfaction and organizational commitment (Terry, Carey & Callan, 2001). Status or dominance as moderator of ingroup bias has been operationalized in different and sometimes overlapping ways in merger and acquisitions literature.

One line of theorizing, centered around the construct of status, presumes that in mergers and acquisitions hierarchical arrangements arise as a function of a set of predetermined features of the two partners, such as organizational size (Terry & Callan, 1998; Cartwright, Tytherleigh & Robertson, 2007), pre-merger economic performance (Jetten, Duck, Terry & O'Brien, 2002; Giessner, Viki, Otten, Terry, Tauber, 2006) or reputation (McEntire & Bentley, 1996). These pre-merger characteristics of the organizations have a prognostic role in the future power concentrations in the new entity. Following this line of logic, an enhanced economic performance, good reputation as well as a larger size of the organizations in contrast to their merger partner give a clear indication of the firm's resources and its capabilities to impose their features in the post-merger superordinate category. The prior performance of an organization has been found to have an influence on employees' coping with the merger in terms of perceived threat and legitimacy of the merger (Giessner et al., 2006), identification with the new organization and satisfaction with the merger (Fischer, Greitemeyer, Omay & Frey, 2007). Status proxied by the size of the merging organizations had a significant impact on the level of commitment of each group members to the post-merger firm (Cartwright et al., 2007), job satisfaction and post-merger stress (Makri & Hantzi, 2012).

Indeed, this preliminary information is highly accessible to participants, they are salient and constitute readily available tools that can help and are easily recruited by employees to navigate the uncertainty about their future in the new organization. The role in the transaction (i.e. acquirer or acquiree) creates a relation of dependence between the two organizations and the implicit right to exercise power inheres in the position each of the two partners holds in the merger negotiation process. Thus, by virtue of their economic position in the transaction, the buyer enjoys an institutionalized privilege which is recognized by the acquiree and which entitles the buyer to expect some degree of obedience from the acquired employees. The pre-merger economic performance may be construed as an outcome of good practices, competence and managerial prowess. This confers the better-performing organization some form of symbolic power over the other merger partner. The superiority in terms of skills is thus seen as a key enabler in the imposition of key practices, visions and strategy in the new organization. This creates a power imbalance and hence an asymmetry in the dependencies of one organization on the other for ensuring success of the merger/acquisition. Reputation creates a sense of independence and a perceived centrality in the industry. This view of the organization as playing a key role in market dynamics makes them indispensable in the market. This perception shared by many participants in and across the newly created entity and close environment becomes informative in its own right. It confers the organization a certain state of rigidity or inflexibility towards change. The loss of reputation would otherwise compromise the success of the merger and thus the transaction must ensure a sense of continuity of one organization at the expense of the other.

Although we concur with the arguments above, and agree that these pre-merger organizational characteristics do carry consistent informational value that participants recruit to make sense of the changing environment, it overlooks the productive and reconstructive aspect of these inter-organizational dependencies. How are these power claims and imbalances enacted and reinforced in the post-merger organization? Is power exclusively a latent property residing in the pre-merger history of organizations or is it something that is negotiated and transient? To the extent that power implicates control over collective action (Leflaive, 1996) and if power can be inferred from these fixed characteristics embedded exclusively in pre-merger organizational narratives, then why do employees resist the exercise of power by the other group and conflict arises during the integration period (Vaara, Sarala, Stahl & Björkman, 2012)?

In order to address the shortcomings of this realist view of power in merged organizations which abstracts out human praxis from hierarchical organizing, van Knippenberg, van Knippenberg, Monden & de Lima (2002) make an important distinction between status and dominance. Authors define dominance as the extent to which one of the two groups has the capability to impose its own characteristics or ideologies on the superordinate category (i.e. post-merger entity). The agency embedded in this definition touches on the critical tradition which views domination as "the process whereby organizations and their members achieve the status of agents and the ability to act" (Leflaive, 1996). However, despite the helpful distinction between status and dominance in the M&A literature and its association with perceptions of continuity, the process of post-merger organizing, institutionalization and articulation of practices is somehow obscured. Van Vuuren, Beeleng & de Jong's work (2010) illuminates more clearly the role of dominance in the process dynamics of identification. In a study of employees' self-concept and self-categorization in a merger of two South African universities, authors found that both merger partners may be in a dominated and in a dominant position simultaneously but in different contexts. Authors concluded that locating oneself in a dominated position may facilitate employees' purposeful distancing from the organization which is no longer their own thus legitimizing a transition to other foci of identification (i.e. turnover).

However, this explanation appears to underestimate the role of collective agency in the emergence of power relations and presumes a sense of docility and surrender on the part of the employees. The emphasis on individuals' passivity makes the authors overly committed to a view of employees as embedded social actors with little space for the exercise of agency. Given the fact that none of the participants in Van Vuuren et al.'s study referred to them as engaging in dominant behavior and all identified as having dominated position, but they all agreed on a set of non-overlapping skills and competences as (non) relevant to each merger organization (Van Vuuren et al., 2010; Terry & Callan, 1998; Terry, Carey & Callan, 2001; Dackert et al., 2003), it would seem reasonable to assume that the group's strive towards differentiation is essentially part of a process underlying power structure foundation. Given that the allocation of power and dominance is essentially a zero-sum situation, we argue this may be better viewed as a form of negotiation of groups' relative standing in the new organizations. Groups may share a common view on a set of status dimensions that are relevant in the post-merger organization, but the attribution of special characteristics (which may be necessary but not essential) may be strategically recruited by individuals and groups they belong to in order to secure themselves an indispensable positioning in the new structure. Thus, in line with this argument, we propose the following:

P1: The emergence of structures of dominance in the post-merger organization is first and foremost a process of post-merger organizational becoming and intergroup negotiation rather than a taken-for-granted potentiality lying dormant in the pre-merger historical narratives of the organizations.

P2: Employees engage in purposeful intergroup differentiating efforts to achieve positive distinctiveness and group entitativity by strategically positioning themselves as experts in some but not other aspects that would ensure them an indispensable condition in the post-merger structure.

Perceived vs. accepted vulnerability

Mergers create a sense of anxiety (Astrachan, 2004; Styhre, Börjesson & Wickenberg, 2006), confusion (McEntire & Bentley, 1996; Shearer, Hames & Runge, 2001), fear (Kavanagh & Ashkanasy, 2006) or feelings of betrayal (Brown & Humphreys, 2003; Searle & Ball, 2004; Teram, 2010) as people find themselves extremely vulnerable given the uncertainty that permeates the post-merger organizational context. The perceived vulnerability is occasioned by a multiplicity of factors, such as the risk of losing one's job, status, benefits but also regarding the prospective actions of other people in the organization. These affective outcomes are linked to the concept of trust, which has been found to impact the success of mergers and acquisitions (Becerra, Lunnan & Huemer, 2008).

One stream of research examines trust in post-merger organizations with a trust-building orientation. Trustworthiness, defined as "attributes or characteristics of a trustee that inspire trust" (Colquitt & Rodell, 2011; Mayer, Davis & Schoorman, 1995), was identified as an important antecedent of various behavioral outcomes. For instance, using a rational account of trust based on economic exchange theory, Nikandrou & Papalexandris (2008) found that the higher the employees' perceptions of new management's trustworthiness in the acquired firm are, the more likely it is that the employees will exhibit supportive rather than resistive behavior. Trustworthiness of the partner organization was also found to influence the transfer of tacit knowledge between the two organizations.

It is important to point out the fact that the transfer of tacit knowledge as a form of mutual recognition in the context of a newly formed organization cannot be reduced to the displaying of trustworthy attitudes and behavior of the respective other pre-merger organization. The reason for that is that trust must be considered in itself a common practice. As we argued above, merging processes are to be seen as contexts of human agency. With the aim to increase the understanding of the collective antecedents of trustful and trustworthy acting, we take up Hartmann's (2011) description of trust as a social practice being based on three aspects: *relationality*, *optionality* and *accepted vulnerability*. While we will return to the aspect of relationality later, we will explain the other two aspects in the following paragraph.

As stated above, employees do feel extremely vulnerable in merging processes. However, as a concept, the *perceived* vulnerability, experienced as a situation of general risk and danger one is exposed to, must be clearly distinguished from the willingness to be vulnerable, the *accepted* vulnerability as a necessary aspect of any social practice of trusting (Hartmann, 2011; Baier, 1996). As the terms "willingness" and "accepted" indicate, in the context of a trust relationship people make themselves voluntarily dependent on the competences and the cooperation of others. In addition, the aspect of optionality means that this relation of voluntary dependence does not preclude the possibility to intervene, take action and thereby change the course of the cooperation. In this sense, we do stay vigilant while we trust, but the vigilance refers not only to the safeguarding of one's interests, but also to the preserving of the common practice.

Not only from a conceptual point of view, also in empirical studies, trust, defined as the willingness to be vulnerable to the trustee (Mayer et al., 1995), is considered to be central to employee post-merger adjustment. Trust in organization, in leadership, and supervision was found to be positively associated with merger attitudes (Nikolaou, Vakola & Bourantas, 2011), and also to function as a moderator between organizational actions and employee responses (Lee, Kim, Kim, Kwon & Cho, 2013).

Trust as a social practice

As Baier (1996) states, trust is a common good, to be produced and preserved by the people involved in the common practice of trusting. The destruction of a trustful atmosphere has severe consequences not only regarding people's psychological states, but also on the effectiveness of cooperation. In this sense, another important stream of research examines the fragility of trust in the new setting, or the trust-destruction process. Employees are not only distrustful towards the post-merger organization, but they also construe the merger itself as a trust-destroying event.

Breach of psychological contract by the organization has been an important antecedent to the various affective and behavioral responses of employees. Psychological contract, which represents "an individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party" (Rousseau, 1989; Robinson, 1996), appears to be violated both by the decision to merge/acquire/be acquired, but also by the changes in employment occasioned by the integration of the merging organizations. Perceptions that the organization has broken down its obligations are highly prevalent among the employees (Searle & Ball, 2004), although these beliefs of contract breach differ between the merging organizations (Linde & Schalk, 2008). Moreover, it is not only that employees perceive the organization has failed to comply with its obligations, but obligations themselves change. Overall promises by the post-merger organization tend to be lower compared to those by the pre-merger organization (Bellou, 2007), the latter fulfilling these obligations better than the former. The non-fulfillment of these debts by the organization was found to have a negative impact on civic virtue behavior and positive impact on turnover intention in mergers and acquisitions (Bellou, 2008; Kiessling, Harvey & Moeller, 2012).

Therefore, in mergers and acquisitions there are several trust-related processes at work that affect trust and distrust judgments among employees. While trust-building dynamics seem to be oriented towards the new superordinate organization, the trust-destruction process seems to be oriented towards the old organization which has broken down its promises to its employees. Although the research is extremely useful in pinpointing the existence of these trust-related phenomena, little is known about the processes and factors underlying the genesis and transformation of trust-based relationships between employees and the various trustees (i.e., pre- and post-merger organization, management, supervision and so on). Perceptions of others' trustworthiness and adoption of a trusting behavior is a history-dependent process, and the enhancement or thinning of trust is a function of the historical development of relations between employees, between employees and organization and management, etc. It is not a momentary phenomenon, although it may have a dispositional character (Gurtman 1992).

The common history of trust, the fact that trust is engendered and then enhanced or harmed within a concrete relationship, points to the third aspect of trust as a social practice described by Hartmann (2011), the *relational* aspect of trust. Trust, as a phenomenon, cannot be adequately described without referring to the social, cultural and historical framework, without referring to the concrete relationship dynamics in which it is imbedded. For the context of the dynamics of trust in mergers and acquisitions processes, questions such as the following arise: in which sense do the changes in organizational identity transform the existing trust-related behaviors and attitudes? How does trust with the organization turn into distrust in the post-merger environment and how do employees' feelings of betrayal manifest in conditions (e.g. shared management in the post-merger organization) that would not warrant a continued trust? Furthermore, in the context of self-categorization and instances of group differentiation tactics outlined above, how do employees from one merging organization assess the trustworthiness of the outgroup and how does trust/distrust manifest as the relations between the two groups unfold?

How to integrate groups: the dialectical view

A substantial body of research points to the fact that category membership influences trustworthiness judgments (Brewer, 2008; Orbell, Dawes & Schwartz-Shea, 1994). Ingroup members are perceived to be more trustworthy than outgroup members. The simple awareness of a shared category/group membership induces people the belief that people within the same category are trustworthy while outgroup members are less trustworthy and cooperative. Moreover, trust inferences are altered by the type of social identity threat induced (Voci, 2006). In Voci's experiment (2009), the endorsement of negative traits by the outgroup that are specific to the ingroup (identity threat) seemed to have activated distrust cognitions with the ingroup members.

Extrapolating to a merger/acquisition context where the identities of both groups are under threat by the presence of the outgroup and necessity to cooperate with the latter, it might seem reasonable to assume that distrusting behavior and cognition may exist as predicated by their outgroup's membership and as a function of the degree of integration (i.e. threat to the group boundaries and identity). The distrust inherent in the employees' relations with the outgroup and organization may induce vigilant appraisals of others' actions and intentions (Kramer, 2001), as they "may entertain multiple hypotheses about the motives or genuineness of their behavior" (Deutsch, 1958). Returning to the initial remarks on the failing of the integration of the diverse identities, we can now specify the value of the dialectical understanding of the synthesis within mergers and acquisitions.

> P3*: The transformation of group identities has to be conceived of as a dynamic process of negotiation that ought to be shaped in terms of organizational development, instead of being construed as a more or less static substitution of the pre-merger by the post-merger affiliation. Otherwise, the ingroup-outgroup bias tends to prevail and any possibility that the pre-merger identity will be synthesized in the Hegelian sense of the term, i.e. simultaneously abolished and preserved on a higher level, is destined to fail. We assume that the "higher" level of group integration – if it occurs – be based on the aforementioned negotiation processes that, if successful, transform the collective antecedents of trust into new identities – not less dynamic than the former ones.*

The assumption that trust be a collective practice is confirmed by the fact that the existence of explicit rules in the post-merger organization as well as the development of common practices and arrangements can create the basis for a reciprocal trusting behavior. The adherence to a common normative system by two groups of individuals furnishes an important basis for the institutionalization of a cooperative behavioral framework, and consequently of perceptions of mutual trustworthiness among its members. Therefore, the pressure to act in a trusting manner towards the organization stands in opposition to the motivation derived from group membership to distrust the outgroup as a consequence of the degree of threat to the ingroup identity. The dialectical point of view may help to understand how this opposition can be overcome and conflicting behaviors can be integrated in a new, shared identity on the basis of negotiation processes. In other words:

> P4: *Trust-building in mergers and acquisitions is a process in which conflicting forces (category-based and normatively-imposed) coexist and may transform either into a suspicious/vigilant appraisal or a trusting behavior. If this process is to be shaped in terms of a dialectical integration of identities, trust and vigilance have to be experienced as complementary i.e. not mutually excluding attitudes and behaviors within the framework of a common practice of trusting.*

> P5: *Vigilance and suspicion are not necessarily destructive to trust as a common practice, but can serve as an attitude deriving from mutual recognition as well as from the common interest in the maintenance of cooperative, value-based behaviors. The dialectical interpretation of trust and vigilance is that the level of simple opposition of these concepts can be sublated, i.e. abolished and preserved at the same time, by integrating them into a common practice of trusting where vigilance takes over the function of supporting the common practice of trusting and of defending it against abuse and damaging.*

4. Integrating competences by a common practice of trust

Knowledge transfer dilemma: resistance and cooperation

Based on the literature review we concluded that in mergers and acquisitions, the uncertainty about employees' future status and roles in the new organization may elicit efforts at making sense of some specific set of information to make inferences about the dominance structure in the post-merger entity (financial performance, reputation, or organizational size). We argued that despite the accessibility and salience of this information, a better understanding of how these power relations become enacted and reproduced in the post-merger environment is needed. We proposed that, given the substantive body of evidence of intergroup conflict or clashes in the superordinate organization, power may be better viewed as something that is negotiated primarily as a function of post-merger organizational becoming, rather than a latent property embedded in pre-merger organizational histories as suggested by the empiricist-positivist tradition. Employees' intergroup differentiation tactics through allocation of some but not other skills and competences to either the ingroup or the outgroup, we suggested, may be strategically recruited by the employees as part of the negotiation of their groups' relative standing in the new organizations. At a cognitive level, we maintained that several trust processes are intertwined in the process of organizational formation, namely a trust-destruction process and a trust-building process. The relation between the two groups is fused with countervailing forces of trust and distrust dictated on the one hand by organizational imperatives and on the other by employees' categorization into us versus them.

On a behavioral level, these struggles correspond to a resistance/cooperation dilemma. Employees oppose integration efforts (van Oudenhoven & de Boer, 1995), resist working with each other and display ethnocentric attitudes (McEntire & Bentley, 1996). It is not only that they resist the change but they also display derogatory behavior towards the employees of the other merger partner (Weber & Camerer, 2003) and step up efforts towards group separateness or demarcation of the group boundaries (Tienari, Sodeberg, Holgersson & Vaara, 2005; Vaara, 2000; Ailon-Souday & Kund, 2003). The existence of combative relations between groups jeopardizes the success of the merger through the obstruction of knowledge transfer processes between the merging firms, which ultimately weakens the organization's capacity for the organizational renewal and creation of a competitive advantage (Inkpen & Dinur, 1998). The internalization of partner's knowledge is bottlenecked by the emergence of divergent and opposing interests within the organization.

Individuals display derogatory behavior against the other group by diminishing the value of their practices, work standards and business etiquette (McEntire & Bentley, 1996), and also the value of their knowledge base (Apfelthaler, Müller & Rehder, 2002). Employees do not feel the relevance of the outgroup's knowledge in the new organization and do not consider necessary to learn from each other (Chua & Goh, 2009). The friction arises both in employees' willingness to learn and appropriate their merger partner's knowledge, but also in sharing their own know-how. The transfer and internalization of knowledge otherwise not available before the merger seems to be rooted in people's fears of being exploited or contaminated (Empson, 2001; Junni, 2011). Sharing knowledge, or the conversion of tacit knowledge to explicit knowledge (Nonaka & Takeuchi; 1995) by the employees would risk exposing the knowledge to imitation by the outgroup. In economic terms, people are forced to give away valuable information while receiving little in return, this creating a sense of anxiety of being exploited by the other group (Empson, 2001). Moreover, employees fear being associated with a low-quality partner, or contamination, thus risking a diminishing of the perceived value of their service offering. Empson's article (2001) paved the way for knowledge-driven anxieties in M&A theorizing by raising important issues in the transfer of knowledge in merger alliances.

However, although the author acknowledged the reconstructive and transformative role of interpersonal and intergroup relations in the dissemination and legitimation of knowledge, the purposive nature of groups' deliberate withholding of their tacit knowledge is obscured. The view of their knowledge as an asset and its role in gaining competitive advantage is indeed a very helpful explanation for the resistance of the employees in the transmission and internalization of knowledge, though it remains restricted to the knowledge management processes without looking into the interplay between the knowledge-sharing dilemma and the struggle for dominance and trust dynamics between the two groups.

In a loose environment where group boundaries are negotiated to import certain ideologies and practices of the pre-merger firms, "where boundaries get repurposed to create an organization whose identity ultimately represents a departure from the premerger firms" (Drori, Wrzesniewski & Ellis, 2013), knowledge becomes a key source of competitive advantage. Individuals' willingness to disseminate and incorporate knowledge with the other group through discursive exchanges are thus purposefully bound by their motivation to contain the risk of imitation by the other group. Otherwise, the existence of their group and boundaries would be superfluous, illegitimate and nulled. Knowledge would thus play an instrumental role in the struggle for dominance and pursuit of a privileged position in the new structure. Therefore, we argue that:

P6: *Negotiation of groups' standing in the new group is a process in which the pressure to share knowledge that resides at the collective levels of the organization is undermined by groups' attempts to gain authoritative position in the new entity.*

From negotiation to integration

The dialectical view on mergers and acquisitions contributes to a deeper understanding of these processes. They are experienced as disruptive events and therefore have the potential to threaten the basis of cooperation. Many studies have shown that processes of integration between the organizations involved fail because individuals and, above all, groups stick to their pre-merger identities thus enclosing their loyalties, habits and views. Their reluctance to contribute to the newly formed organization's success is articulated by a trust dilemma that induces them to share knowledge and competences prevalently with other ingroup members while experiencing the pressure to collaborate with other groups as threatening to their position in the new environment. They keep trusting their colleagues and stick to the symbolic systems they know whereas they remain vigilant or even suspicious towards other groups.

Yet, integration will only evolve if processes of negotiation occur beyond the strategic shifting between trustful sharing and vigilant withholding of knowledge. This is what this realm of research can learn from the systematic philosophical analysis of trust as a common practice (Hartmann, 2011; Baier, 1996). Trustful acting is then to be seen as the voluntary act of accepting to be vulnerable. "Voluntary" means that people cooperating with each other do not only act for the sake of preserving their own interests, but also for the sake of cooperation itself. In this sense, trust is transformed from an attitude that, on the lower level of simple opposition, is in contrast with vigilant or suspicious behavior to a practical attitude that comprises vigilance, control and accountability.

P7: *Any kind of compulsion to interact in a cooperative way imposed by management proves to be counterproductive because it impedes the process of "Aufhebung", i.e. the dialectical transformation of distrust into meaningful vigilant attitudes. Any sustainable common practice of trust must base its forms of offering and demanding account (and accountability) from each other on the discernment of the people involved.*

Research can effectively study these practices only against the background of a sound theoretical framework that enables us to thoroughly investigate the diachronic processes underlying the transformation of apparently opposite attitudes and concepts like trust and vigilance and their integration into a new common framework where both attitudes have their place. Ideally, trust as well as vigilance is integrated in common institutional frameworks and structures apt to overcome collective action dilemmas.

P8: *The process of shifting between trust and vigilance comes to an end if a group's position is recognized as authoritative by the other groups, i.e. when the group's competences are experienced as being part of a common identity, based on mutual recognition. The common identity is based on shared values that support the practical interest in the preserving of the cooperation itself, to be distinguished from the individuals' or groups' particular interests.*

Yet, there is a difference between this philosophical view and that of institutional economics. As we have stated, the interest in cooperation, in the common practice, is in itself the result of a dialectical process because it allows the integration of particular group interests into a common practice based on values also experienced as shared values. Every process of negotiation that successfully leads to forms of mutual recognition starts from and goes back to the collective sources of human interaction, antecedents that nevertheless are not determined, but can only inspire new, unprecedented forms of working together.

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